



**TORWEST RESOURCES**

**(1962) LTD. (N.P.L.)**

**ANNUAL REPORT . . . year 1972**

## Officers

J. L. GIBSON — Chairman of the Board

R. W. FALKINS — President

H. H. WALLER — Vice-President

J. A. KYLES — Secretary-Treasurer

## Directors

R. W. FALKINS

J. L. GIBSON

R. E. HALLBAUER

Dr. N. B. KEEVIL Jr.

J. A. KYLES

S. J. O. McCLAY

S. A. MOWAT

H. H. WALLER

## Statutory Information

### CAPITALIZATION

Authorized 10,000,000 shares

### ISSUED AND FULLY PAID

7,070,000 shares

### TRANSFER AGENT

National Trust Company, Limited

510 Burrard Street

Vancouver 1, B.C.

### BARRISTERS AND SOLICITORS

Swinton & Company

900 West Hastings Street

Vancouver 1, B.C.

### REGISTERED OFFICE

Swinton & Company

900 West Hastings Street

Vancouver 1, B.C.

### ADMINISTRATIVE OFFICE

700 - 1177 West Hastings Street

Vancouver 1, B.C.

### AUDITORS

Coopers & Lybrand

900 West Hastings Street

Vancouver 1, B.C.

## REPORT TO SHAREHOLDERS

On behalf of the officers and directors of Torwest Resources (1962) Ltd. (N.P.L.), it is my privilege to present to you the 15th Annual Report for the year ended December 31, 1972.

Highmont Mining Corp. Ltd., of which your company is the largest single shareholder, was unable to proceed with production plans due to continued weakness in the price of copper and the oversupply of molybdenum which existed throughout the year 1972. However, with greatly improved copper prices and a more favourable molybdenum supply picture, negotiations are once again in progress to bring the property into production. Government threats as to higher taxation and royalties will naturally have a large bearing on these negotiations. However, it is hoped that a satisfactory government policy will enable the project to go ahead.

During the year, Torwest was considerably more active in exploration work than in previous years.

A full scale exploration program was carried out in the Kamloops area on a large block of copper mineral claims which were optioned from Rolling Hills Copper Mines Ltd. Work started on the

Rolling Hills group of claims in May 1972 and continued until the end of the year. A full scale exploration program was conducted in three phases:

- Phase 1 (a) Geological mapping  
(b) Geochemical survey  
(c) Geophysical survey
- Phase 2 (a) Induced Polarization survey at 400 ft. spacing.  
Work in Phases 1 and 2 covered all the claims.
- Phase 3 (a) Diamond Drilling - 7,578 ft.  
(b) Percussion Drilling - 2,400 ft.

The drilling tested the main targets established by the work but results were disappointing. Drilling results obtained on the old Copper King area where high-grade had been mined in 1939 and 1940 showed several sections of copper and gold mineralization, also two other anomalies were drilled but in all three instances the mineralization was below ore grade. Work was discontinued in November 1972 and further exploration is not contemplated.

This large exploration program was financed by Teck Corporation Limited. A total of \$151,000.00

was expended by Teck and, in return, Teck earned shares in Torwest at the rate of 30 cents per share against these expenditures.

The other property holdings of Torwest totaling 109 claims in the Babine, Endako, La Ronge and Highland Valley areas were kept in good standing.

In November 1972, a major new discovery was found by Iso Mines and Copperfields Mining Corporation in the Magusi River area of Quebec. Torwest subsequently entered into an agreement with Iso-Copperfields to explore, under a working option, a block of 65 claims in the immediate area. Work is proceeding on this ground at the present time.

I wish to express my appreciation to my fellow directors, the geological and engineering and office staffs of Torwest and Teck Corporation for their continued cooperation during the past year.

Respectfully submitted,  
R. W. Falkins  
President

**BALANCE SHEET AS AT DECEMBER 31, 1972**

**ASSETS**

	1972 \$	1971 \$
CURRENT ASSETS		
Accounts receivable		
Highmont Mining Corp. Ltd. (N.P.L.) .....	7,552	7,409
Advance to a director .....	5,000	
Other .....	2,258	6,320
	<u>14,810</u>	<u>13,729</u>
INVESTMENTS (notes 1 and 2) .....	560,376	566,456
MINERAL PROPERTIES AND RELATED COSTS (notes 1 and 3) .....	1,036,348	1,124,512
FIXED ASSETS - at original cost of \$85,533 less		
accumulated depreciation of \$83,324 (1971 - \$77,995) .....	2,209	7,538
	<u><u>1,613,743</u></u>	<u><u>1,712,235</u></u>

SIGNED ON BEHALF OF THE BOARD

J. L. GIBSON

*Director*

R. W. FALKINS

*Director*



## LIABILITIES

	1972 \$	1971 \$
CURRENT LIABILITIES		
Bank overdraft .....	51,715	17,527
Bank demand loan (note 2) .....	175,000	175,000
Accounts payable and accrued liabilities .....	14,644	9,221
Advance from Teck Corporation Limited (note 4) .....	53,000	
	<u>294,359</u>	<u>201,748</u>

## SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 4)		
Authorized —		
10,000,000 common shares of no par value with a maximum price of \$2 per share		
Issued and fully paid —		
5,389,647 shares for cash .....	2,598,314	2,598,314
400,000 shares for mineral properties .....	20,000	20,000
1,280,353 shares for mineral properties since sold or abandoned .....	241,660	241,660
<u>7,070,000</u>	<u>2,859,974</u>	<u>2,859,974</u>
DEFICIT .....	1,540,590	1,349,487
	<u>1,319,384</u>	<u>1,510,487</u>
	<u>1,613,743</u>	<u>1,712,235</u>

AUDITORS' REPORT TO  
THE SHAREHOLDERS

We have examined the balance sheet of Torwest Resources (1962) Ltd. (N.P.L.) as at December 31, 1972 and the statements of deficit, deferred exploration, development and administration costs and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.      Coopers & Lybrand  
April 2, 1973      Chartered Accountants

## STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATION COSTS

FOR THE YEAR ENDED DECEMBER 31, 1972

	1972 \$	1971 \$
BALANCE - BEGINNING OF YEAR .....	1,100,160	1,053,390
EXPENDITURES DURING THE YEAR		
Exploration and development		
Assaying and sampling .....	88	1,140
Depreciation - equipment and camp .....	2,355	1,456
Drilling .....		182
Insurance .....	1,114	758
Road building and maintenance .....		375
Staking and surveying .....	1,073	3,113
Superintendence, engineering and consulting .....	(1,427)	3,893
Vehicle and equipment operation .....	104	330
Wages and employee benefits .....	723	720
	4,030	11,967
Deduct: Equipment rental revenue .....	210	494
	3,820	11,473
Administration - per schedule .....	41,522	37,421
TOTAL EXPENDITURES DURING THE YEAR .....	45,342	48,894
	1,145,502	1,102,284
Less: Deferred costs applicable to mineral properties abandoned .....	128,600	2,124
BALANCE - END OF YEAR (note 3) .....	1,016,902	1,100,160
ALLOCATION OF COSTS TO MINERAL PROPERTIES AS FOLLOWS:		
<u>Claim Group</u>	<u>Mining Division</u>	
Taylor	Kamloops	640,360
Kendrick	Skeena	25,632
Marb	Nicola	331,384
Ben	Omenica	19,526
		1,016,902
		1,100,160

**SCHEDULE OF ADMINISTRATION COSTS** FOR THE YEAR ENDED DECEMBER 31, 1972

	1972	1971
	\$	\$
Accounting and audit .....	3,125	2,870
Depreciation - office furniture and fixtures .....	2,974	3,105
Interest and bank charges .....	15,955	14,587
Legal .....	2,233	1,789
Licences, dues and insurance .....	1,788	1,019
Promotion and public relations .....	2,086	2,610
Rent .....	2,367	1,917
Reports to shareholders .....	2,979	2,095
Salaries and employee benefits .....	2,044	3,053
Stationery and office .....	1,324	1,180
Telephone and telegraph .....	278	1,144
Transfer agent's fees and expenses .....	3,753	2,519
Travel .....	616	1,533
	<u>41,522</u>	<u>39,421</u>
Deduct: Profit on sale of fixed asset .....		2,000
	<u>41,522</u>	<u>37,421</u>

**STATEMENT OF DEFICIT** FOR THE YEAR ENDED DECEMBER 31, 1972

	1972	1971
	\$	\$
BALANCE - BEGINNING OF YEAR .....	1,349,487	1,355,506
Add: Cost of mineral properties abandoned during the year .....	57,978	7,964
Deferred costs applicable to mineral properties abandoned during the year (note 4) .....	128,600	2,124
Loss on sale of investment in Highmont Mining Corp. Ltd. (N.P.L.) .....	559	
Write-down of advance and accounts receivable .....	3,966	12,058
	<u>1,540,590</u>	<u>1,377,652</u>
Deduct: Profit on sale of investment in shares of Red Mountain Mines Limited (N.P.L.) .....		20,000
Dividends received from Red Mountain Mines Limited (N.P.L.) .....		8,165
		<u>28,165</u>
BALANCE - END OF YEAR .....	<u>1,540,590</u>	<u>1,349,487</u>

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL FOR THE YEAR ENDED DECEMBER 31, 1972

	1972 \$	1971 \$
SOURCE		
Fixed asset disposals .....		2,000
Proceeds from sale of investment .....	5,522	20,000
Dividend from Red Mountain Mines Limited (N.P.L.) .....		8,165
	<u>5,522</u>	<u>30,165</u>
USE		
Mineral property option payments (note 4) .....	53,000	
Deferred exploration, development and administration costs .....	40,086	46,334
Investments .....		17,335
Fixed assets .....		5,795
Other .....	3,966	717
	<u>97,052</u>	<u>70,181</u>
DECREASE IN WORKING CAPITAL .....	91,530	40,016
WORKING CAPITAL DEFICIENCY - BEGINNING OF YEAR .....	<u>133,019</u>	<u>143,003</u>
WORKING CAPITAL DEFICIENCY - END OF YEAR .....	<u>279,549</u>	<u>188,019</u>
REPRESENTED BY:		
Current assets .....	14,810	13,729
Current liabilities .....	<u>294,359</u>	<u>201,748</u>
WORKING CAPITAL DEFICIENCY - END OF YEAR .....	<u>279,549</u>	<u>188,019</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1972

## 1. VALUES

The amounts shown for investments and mineral properties and related costs, represent costs to date and do not necessarily reflect present or future values.

## 2. INVESTMENTS

(a) Investments at December 31, 1972 are as follows:

	Cost \$
Highmont Mining Corp. Ltd. (N.P.L.) (Highmont)	
1,000,000 common shares, at cost, being the cost of mineral claims (\$65,583), exploration and development thereof (\$269,078) transferred to Highmont	334,661
69,100 common shares acquired on the open market for cash	210,102
The quoted market value at December 31, 1972 was 90 cents per share	
<u>1,069,100</u>	<u>544,763</u>
Consolidated Silver Butte Mines Ltd. (N.P.L.)	
28,125 common shares, at cost. Consolidated Silver Butte had a quoted value of 14 cents per share at December 31, 1972	12,113
British Columbia Petroleum and Natural Gas Lease Cost of 3/10 of 1% of a gross overriding royalty on leases Nos. 3606 - 3615 inclusive. The royalty has no quoted market value	3,500
	<u>560,376</u>

(b) The company has pledged 1,068,400 common shares of Highmont Mining Corp. Ltd. (N.P.L.) and 28,125 common shares of Consolidated Silver Butte Mines Ltd. (N.P.L.) as security for the bank demand loan.

(c) Pursuant to an agreement dated October 1, 1969, Teck Corporation Limited was given the right of first refusal to purchase all of the shares of Highmont now held or subsequently acquired by the company. This right was granted for a period not to exceed seven years and is subject to the continuation of an exploration and development agreement between Highmont and Teck.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1972

## 3. MINERAL PROPERTIES AND RELATED COSTS

Mineral properties owned or under option, together with related costs, are as follows:

	1972 \$	1971 \$
208 claims located in British Columbia, at cost being the amount ascribed to 400,000 shares of \$15,121 and cash consideration of \$4,312. Certain claims included in this amount are being acquired under option, the terms of which call for a payment of \$10,000 by way of 5% of net smelter returns	19,433	24,339
Add: Deferred exploration, development and administration costs - per statement	1,016,902	1,100,160
12 Saskatchewan claims at cash consideration to date	12	12
20% net interest in former Red Mountain Mines Limited (N.P.L.) claims at nominal cost	1	1
<u>220</u>	<u>1,036,348</u>	<u>1,124,512</u>

## 4. OPTION AGREEMENT

Under the terms of an option agreement with Rolling Hills Copper Mines Ltd. (N.P.L.), Teck Corporation Limited acquired an option to purchase a 50% undivided working interest in certain mineral claims in the Kamloops Mining Division of B.C. for consideration of \$500 cash for each mineral claim under option and a work commitment of \$150,000 which was to be expended on the mineral claims during 1972. Teck subsequently assigned its option to Torwest and Torwest assumed Teck's obligation to make option payments of \$500 for each mineral claim under option which totalled \$53,000 and which amount was loaned to the company by Teck. Teck, pursuant to a second agreement, carried out the work commitment in respect of the mineral claims and expended \$151,000 in exploration and development costs. In consideration for loaning \$53,000 to Torwest, Teck received from Torwest the right to convert, at any time, the \$53,000 debt into common shares of the company at the rate of 30 cents per share; and in consideration for expending the \$151,000 regarding the work commitment, Teck has the right to convert such expenditures into 500,000 common shares of the company prior to January 1, 1974.

After reviewing the results of the above exploration programme, Torwest allowed the option to lapse and the option payments of \$53,000 were written off to deficit.

## 5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the year ended December 31, 1972, the directors and senior officers of the company, as defined by the British Columbia Companies Act, were paid aggregate remuneration totalling \$72,600 of which \$68,640 was recovered from Highmont Mining Corp. Ltd. (N.P.L.). No directors' fees were paid during the year.



